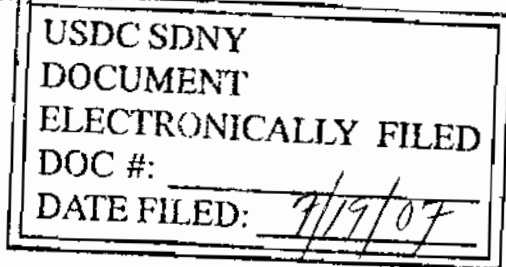


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July 18, 2007

**BY FACSIMILE AND ELECTRONIC MAIL**

Hon. Loretta A. Preska  
U.S. District Court for the Southern District of New York  
Daniel Patrick Moynihan United States Courthouse  
500 Pearl Street, Room 1320  
New York, New York 10007

Re: *Public Utility District No. 1 of Snohomish County, Washington v.  
Enron Power Marketing, Inc.*, No. 07-218 (LAP) and No. 07-3078 (LAP)

Dear Judge Preska:

We write jointly on behalf of our respective clients, Public Utility District No. 1 of Snohomish County, Washington ("Snohomish") and Enron Power Marketing, Inc. ("EPMI"), to apprise this Court of a recent development in the Snohomish/EPMI matters pending before Your Honor.

The current state of the briefing in these appeals is as follows: Snohomish has filed its opening brief, and EPMI has filed its opposition brief. Snohomish's reply brief is due on July 30, 2007.

The parties have recently reached agreement on the terms of a settlement that will resolve all disputes between Snohomish and EPMI. The agreement is subject to approval by the Federal Energy Regulatory Commission and the U.S. Bankruptcy Court for the Southern District of New York.

Assuming such approval is in fact obtained, the parties intend to submit, at that time, a joint motion seeking dismissal the above consolidated appeals and all other appeals now pending before the Court to the extent of Snohomish's involvement. In the interim, however, we ask that the Court enter an order providing that briefing in the

The Honorable Loretta A. Preska  
 July 18, 2007  
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above-captioned matter be stayed, without prejudice to the right of either party move the Court to resume briefing, if circumstances warrant.

We will keep this Court informed of relevant developments. The parties appreciate the Court's consideration of this joint request. Should the Court wish to discuss these matters with counsel in person or by telephone, we are available at the Court's convenience.

Counsel for Snohomish represents that we have been authorized by Jonathan Polkes and Mark Ellenberg, counsel for EPMI, to sign this letter on EPMI's behalf.

SO ORDERED

*Loretta A. Preska*  
 LORETTA A. PRESKA  
 UNITED STATES DISTRICT JUDGE

*July 19, 2007 Jonathan Polkes/cj*

Jonathan Polkes

*Mark Ellenberg/cj*  
 Mark Ellenberg

Respectfully submitted,

*C. Goldblatt*

Craig Goldblatt